

Public Chapter 273

SENATE BILL NO. 566

By Mr. Speaker Wilder, Atchley, Koella, Haynes, Womack, Rochelle, Henry, Gilbert

Substituted for: House Bill No. 1053

By McMillan, Buck

AN ACT To amend Tennessee Code Annotated, Title 56, Chapter 35, relative to title insurance.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-35-133, is amended by deleting the section in its entirety and by substituting instead the following:

(a) In connection with any transaction involving the purchase or sale of a fee simple possessory interest (title evidencing beneficial ownership) in real property in this state, the person conducting or handling the settlement, at or before the closing of settlement and disbursement of any funds, shall obtain from the purchaser a statement in writing that the purchaser has received a notice that owner's title insurance may be available to the purchaser and that the purchaser does or does not desire to purchase such insurance coverage. The notice shall not be required of a trustee under a deed of trust or in transactions which are to convey only a security interest in the property of an existing owner. In addition, notice under this section is not intended to duplicate and shall not be required where, in connection with the issuance of a mortgagee's title policy, notice with respect to owner's title insurance is given pursuant to rules of the department under this chapter. The notice may be combined with or attached to any other notices required of the purchaser, provided that the notice required herein is separately signed.

(b) The following or any other substantially similar form shall be sufficient for the purposes herein:

Notice and Acknowledgment With Respect to Owner's Title Insurance
RE: _____ (address or brief property description)

Pursuant to Tennessee Code Annotated, Section 55-35-133, the undersigned purchaser(s) hereby acknowledge(s) that they have received a notice that owner's title insurance may be available to them at their expense.

_____ I (we) hereby desire to obtain owner's title insurance.

_____ I (we) hereby decline to obtain owner's title insurance.

Tennessee law requires that you sign this acknowledgment. I (we) further acknowledge that the settlement agent in this transaction [or insert name of settlement agent here] shall have no responsibility to the undersigned for the status of the title to the real estate we are purchasing.

Signature of Purchaser(s)

Date:

(c) In the event that the person conducting or handling the settlement shall fail to obtain from the purchaser the statement required by this section, such closing or settlement agent may cure the omission at any time subsequent to the closing of settlement but prior to actual or constructive notice of a claim or possible claim against the title of the real estate which was the subject of the settlement by sending a certified letter, return receipt requested, to the last known address of the purchaser, which includes the notification provided in this section.

(d) The notification provided by this section shall not be required in any of the following transactions:

(1) A judicial or non-judicial foreclosure;

(2) A sale pursuant to a court decree;

(3) A tax sale;

(4) A transfer evidenced by a deed upon which recording tax is not payable pursuant to TCA, Section 67-4-409;

(5) Any transaction wherein the purchaser has elected to obtain owner's title insurance or wherein the seller has elected to provide owner's title insurance to the purchaser.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.